

MANIT BA
TEACHERS'
RETIREMENT
ALLOWANCES
FUND

REPORT TO MEMBERS

1983



REPORT TO MEMBERS 1983

THE TEACHERS' RETIREMENT ALLOWANCES FUND BOARD

**James G. Osborne, Chairman
Murray McKnight, Vice-Chairman**

TEACHER MEMBERS

**Ethel Arnott
Marilyn Thompson
Kenneth Valainis**

SCHOOL TRUSTEE MEMBERS

**D. Kenneth Compton
Ray Whiteway**

You are welcome to direct your enquiries regarding your status as a member of this plan to the Board office. In order that we may more rapidly answer your enquiries, we suggest that, when doing so, you state the subject you wish to discuss so that we may refer you to the appropriate staff member. It would also expedite matters if you advise as to your social insurance number.

Members of the Plan may visit the office at any time during business hours to examine The Teachers' Pensions Act and amendments thereto, the annual information return to The Pension Commission, the most recent actuarial valuation report, and the latest audited financial statements. Also, members or their duly authorized agent may visit the Pension Commission concerning The Teachers' Pensions Allowances Fund.

THE TEACHERS' RETIREMENT ALLOWANCES FUND BOARD

**115 - 1200 Portage Avenue
Winnipeg, Manitoba
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(Dept. of Education Toll Free Number)



**THE TEACHERS' RETIREMENT ALLOWANCES FUND
REPORT TO MEMBERS
1983**

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THE TEACHERS' RETIREMENT ALLOWANCES FUND
REPORT TO MEMBERS
1983

This report relates to the operations of the Teachers' Retirement Allowances Fund for its fiscal year ended on December 31, 1982. In this connection, we have attached a copy of the Provincial Auditor's Report on the Accounts for that period as well as the related financial statements. Some highlights taken from those statements are:

	1982	1981	% decrease
Investments	\$264,917,163.	\$222,546,959.	19.0
Investment Income	\$27,991,497.	\$26,720,776.	4.8
Rate of Investment Return	11.96%	14.02%	(14.7)
Teachers' Contributions	\$26,293,466.	\$25,985,486.	1.2
Contributors	12,907.	12,805.	.8
Contributions and Other			
Payments by Province of			
Manitoba and Employers.....	\$13,988,599.	\$12,678,907.	10.3
Pension Payments	\$23,053,523.	\$20,867,168.	10.5
Pensions and Other Recipients	3,117.	3,007.	3.7

Pensions:

During the year, 194 income benefits were granted as follows:

Regular service pensions	
Ages earlier than 60	69
Ages 60 and over	104
	173
Pensions to spouses of deceased teachers	1
Annuities to retired teachers not entitled to pensions	20
	194

40 of the total of 173 new regular pensioners chose a plan of payment providing for all or part of the pension to continue to be paid after the retired teacher's death for the lifetime of a beneficiary. 15 chose life pensions guaranteed for a minimum period of either 10 or 15 years; and 118 selected a basic lifetime pension. 51 pensioners who retired before age 65 chose to integrate either or both of the Old Age Security and Canada Pension Plan pensions with their pensions from the Fund. Following is a breakdown of new 1982 regular service pensions according to years of pensionable service, with comparative 1981 figures shown in brackets:

<u>Years of Service</u>	<u>No. of Pensioners</u>	<u>Average Monthly Basic Pension</u>	
1 - 9.9	11 (3)	\$ 130	(\$ 85)
10 - 14.9	17 (18)	340	(404)
15 - 19.9	30 (15)	578	(484)
20 - 24.9	27 (30)	725	(680)
25 - 29.9	26 (24)	939	(859)
30 - 34.9	22 (20)	1,241	(1,156)
35 +	<u>40</u> (20)	1,504	(1,297)
1 - 35 +	173 (130)	902	(807)

Following is a summary of the different types of income benefits being paid at the end of December, 1982:

Regular Service Pensions—

to retired teachers	2,732
to dependants or estates of deceased retired teachers	82

Disability Pensions—

to retired disabled teachers	133
to dependants or estates of deceased retired disabled teachers	4

Death Benefits—

to surviving spouses or children of deceased teachers	53
---	----

Special Annuities—

to former teachers of retirement age not entitled	
to regular pensions	113
	<u>3,117</u>

Of the teachers to whom, or in respect of whom, the above noted benefits are being paid, 2,335 are female and 782 are male.

Information and Counselling:

A summary of the benefits available to plan members is contained in a general information booklet which has been distributed to all teachers through their school division office.

During the year, staff members of the Board have corresponded with many individual teachers. There were 207 plan members who made appointments to visit the Board office for assistance in formulating retirement plans or to obtain information concerning provisions for reinstatement of refunded service, reciprocal transfer agreements and other aspects of the plan of specific interest to them. Teachers are encouraged to arrange retirement interviews so that they and their spouse more fully understand key decisions regarding the selection of an optional type of pension payment or integration of their pension with federal Old Age Security and Canada Pension Plan benefits.

During 1982, staff members acted as resource persons for pre-retirement planning seminars organized by The Manitoba Teachers' Society. Seminars were held in Dauphin, Carman and Winnipeg. A total of 323 teachers planning their retirement registered to attend. Many of them attended with their spouses. Resource persons were also made available for the Manitoba Teachers' Society

Employee Benefits Seminar held in Winnipeg in September. Staff members can be made available to any group of teachers who wish assistance in conducting general information meetings related to the pension plan.

Numerous enquiries continue to result from the amendment to the Teachers' Pensions Act which allows teachers to make a special payment to convert their pre-July, 1980 service to a 5 year average in the eventual calculation of their pension. Information concerning this major change in the Act may be obtained by direct enquiry to the general office.

The response to individual counselling sessions and to the more general pre-retirement planning seminars indicates that teachers and their spouses have found them to be useful in making informed retirement decisions.

Investments:

As may be noted from the financial highlights, the invested assets of the Fund increased during the year by more than \$42,000,000. This increase, along with approximately \$6,000,000. of funds resulting from maturing securities, was invested under the direction of the Investment Committee comprised of the Chairman of the Board, a "teacher" member of the Board, Marilyn Thompson, and the provincial Deputy Minister of Finance. The investments chosen by the Committee may be summarized as follows:

	<u>% of total</u>	<u>Cost (thousand \$)</u>	<u>Average Yield %</u>
Bonds—Province of Manitoba.....	10.4	\$ 5,000,	15.25
—Hospital corporation.....	6.2	3,000,	15.25
—Canadian corporations.....	2.4	1,167,	17.71
<u>Total Bonds.....</u>	<u>19.0</u>	<u>9,167,</u>	<u>15.56</u>
Mortgages—Insured, N.H.A.	34.1	16,431	17.21
—Uninsured	9.2	4,440,	16.89
<u>Total Mortgages.....</u>	<u>43.3</u>	<u>20,871,</u>	<u>17.14</u>
<u>Total Fixed Income.....</u>	<u>62.3</u>	<u>\$30,038,</u>	<u>16.66</u>
Real Estate Equity	12.0	\$ 5,764,	
Other Equity—Canadian Commercial			
Bank Shares	8.8	4,280,	
—Mortgage Investment			
Corp. shares	1.7	800,	
—Direct Natural			
Resource equity	1.7	800,	
—Venture Capital	.8	400,	
<u>Total Other Equity.....</u>	<u>13.0</u>	<u>6,280,</u>	
<u>Total Equity.....</u>	<u>25.0</u>	<u>\$12,044,</u>	
Total Long Term Investment	87.3	\$42,082,	
Short Term Investment	12.7	6,131,	
Total New Investment	100.0	\$48,213,	

As investments in real estate, mortgages, mortgage bonds, venture capital, and direct acquisition of natural resource assets require advance commitment of funds which are paid out during or on completion of construction or as required to fund venture capital or natural resource acquisitions, over \$33,000,000. of unfunded commitments were in place at the end of the year, as follows:

	Amount (thousand \$)	Average Yield
Bonds—Canadian Corporations	\$ 2,000,	14.75%
Mortgages—Insured, N.H.A.....	7,596,	plus participation
—Insured, Other	721,	14.97%
—Uninsured	5,020,	floating rates
Total Mortgages.....	\$13,337,	14.34%
Total Fixed Income	\$15,337,	
Real Estate Equity	\$11,137,	
Other Equity—Direct Natural Resources...	4,933,	
—Venture Capital	1,300,	
—Mortgage Investment Corp..	513,	
Total Other Equity.....	\$ 6,746,	
Total Equity	\$17,883,	
Total Commitments	\$33,220,	

Under the Act, investments are made as directed by the Investment Committee, comprised of the Chairman and a "teacher" member of the Board and the Deputy Minister of Finance for the Province. The Committee held 7 formal meetings during 1982 and the results of its decisions are portrayed in the preceding paragraphs. Although there was a net increase in the amount invested in every asset class, the percentage of total investments representing fixed income securities reduced by approximately 2% to 68.37%, offset by a corresponding increase in equity investments from 16% to 18%.

In our report with respect to 1981, we advised that the rate of return on the average net assets of the Fund had been 11.90%. Subsequently, it was decided that certain changes in the methods used to record investment income in the accounts should be implemented and that the changes should be made as if they had been in effect for 1981. The principal change was to recognize the significant increase in value of real estate investments over their original cost, with one-half of such increase being added to income and the remainder being held as a provision for possible future declines in value. The effect of this policy change was an increase in the rate of return for 1981 to 14%. In 1982 there was a modest decline in the appraised value of real estate investments that was charged to the provision referred to above. It was also decided that a general provision should be made for possible losses of capital on fixed income investments as there were indications that, as a result of difficult economic conditions, defaults were likely to occur with respect to a few bond and mortgage investments held. Therefore, .25% of the average of investments of this type held in each year, commencing in 1982, will be allocated to the provision for capital

losses and any actual losses incurred will be charged to the provision. After taking into account these events, the rate of return on the average net assets of the Fund for 1982 was 11.96%.

Actuarial Valuation:

As required by the Act, an actuarial appraisal is made of the Fund every 3 years. In the most recent report as at January 1, 1981, the Actuary advised that the Fund's actuarial liabilities were totally offset by actuarial assets; therefore, the Fund was in a financial position to pay its share of the cost of all benefits to present members promised under the Act.

Board Membership:

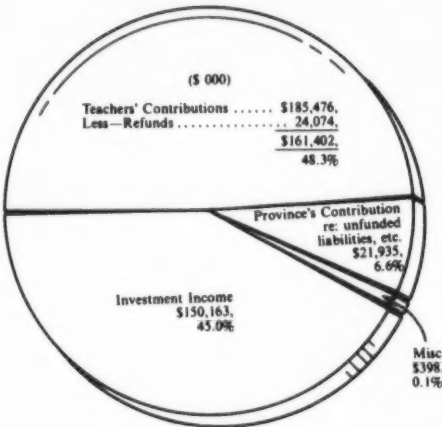
The Board is comprised of 7 members appointed by the Lieutenant Governor in Council. 3 must be teachers and are recommended for appointment by The Manitoba Teachers' Society and 2 are recommended for appointment by The Manitoba Association of School Trustees, with the remaining 2 appointed directly by the government. The names and sources of appointment of the current members of the Board are shown at the beginning of this report.

Glen D. Buhr,
Secretary-Treasurer,
The Teachers' Retirement
Allowances Fund Board.

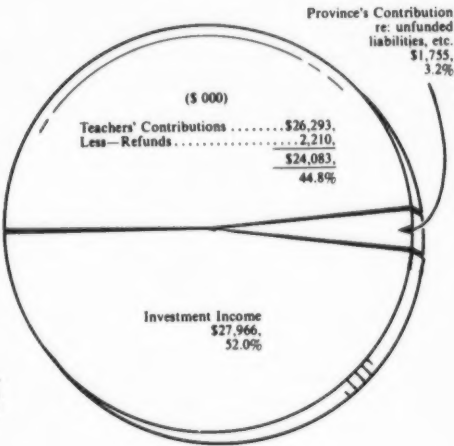
THE TEACHERS' RETIREMENT ALLOWANCES FUND

INCOME

1963 to 1982

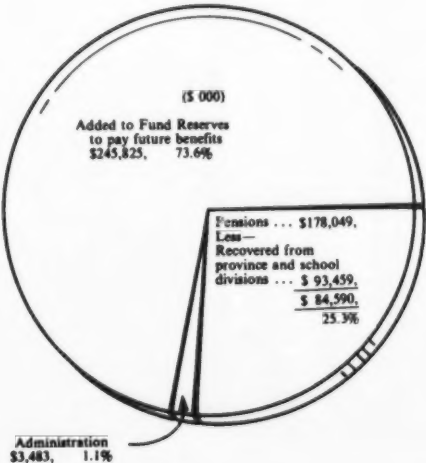


1982

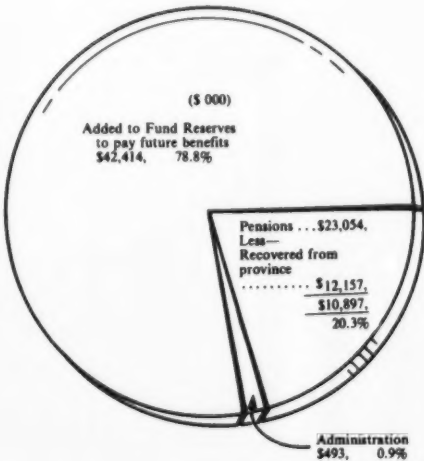


DISPOSITION OF INCOME

1963 to 1982



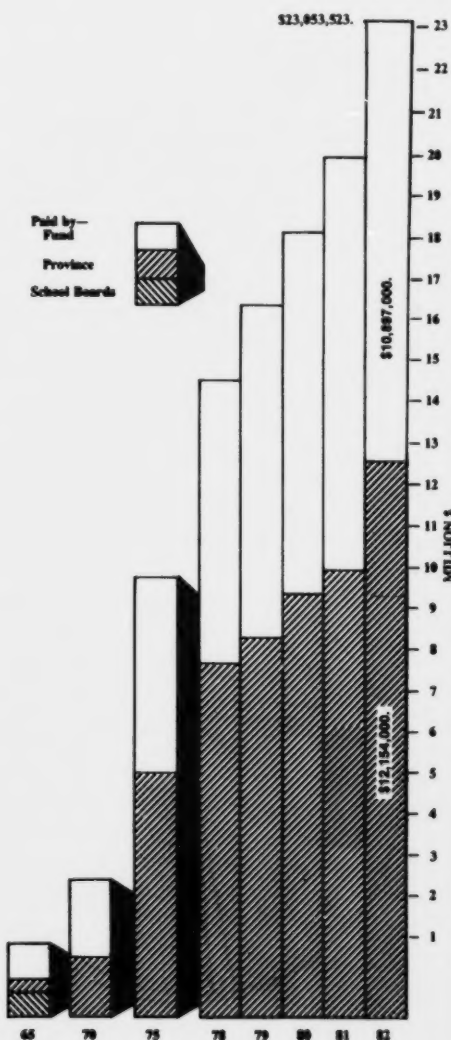
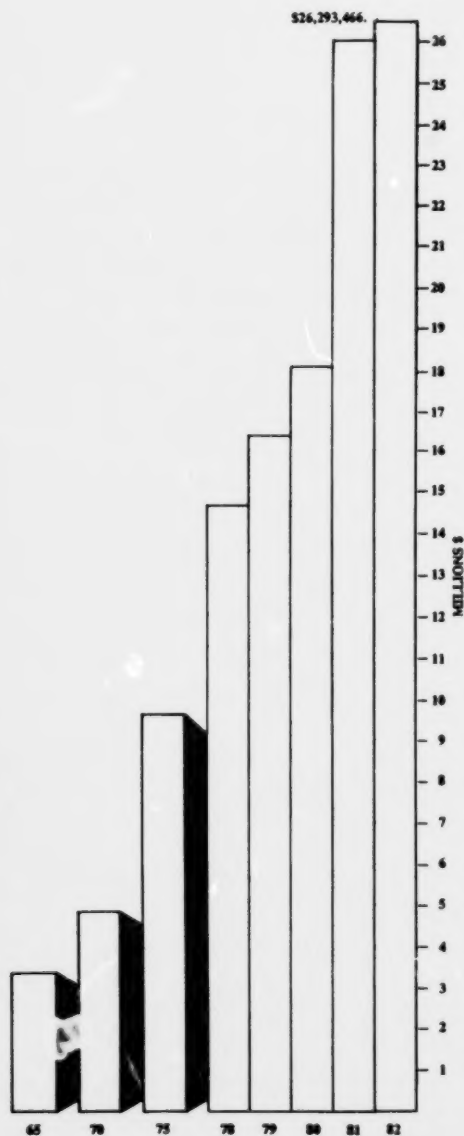
1982



THE TEACHERS' RETIREMENT ALLOWANCES FUND

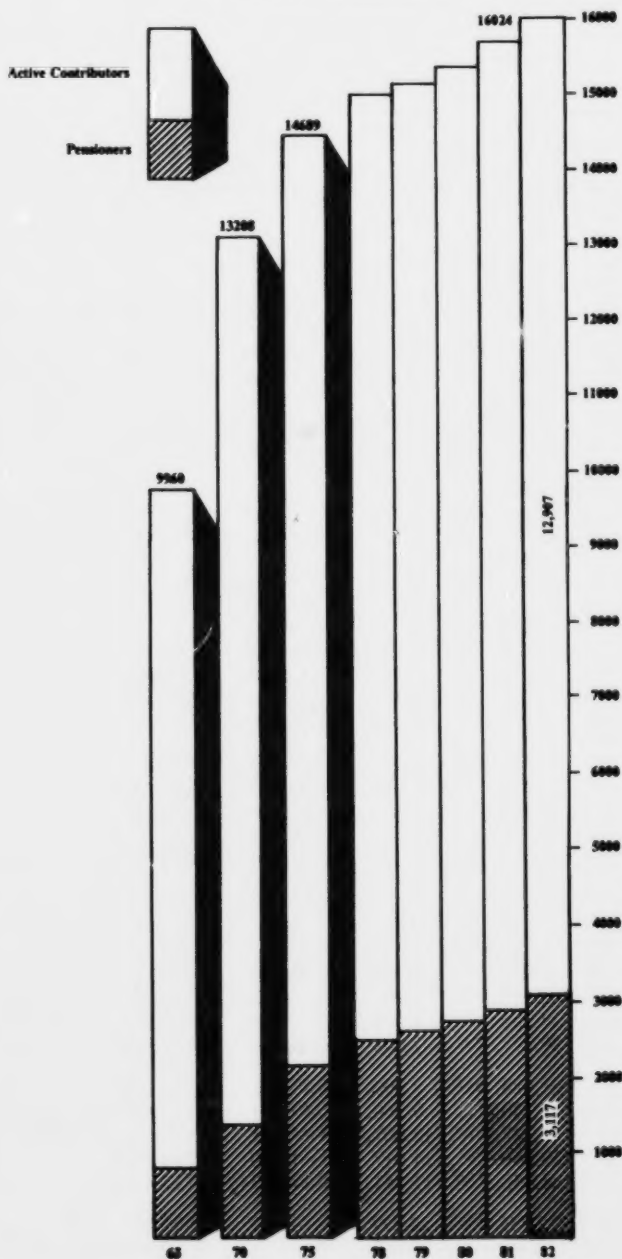
TEACHER CONTRIBUTIONS

PENSIONS COST



THE TEACHERS' RETIREMENT ALLOWANCES FUND

PLAN MEMBERSHIP



TEACHERS' RETIREMENT ALLOWANCES FUND BOARD
COMPARATIVE STATISTICS
1925 - 1982

Year Ended 30th June	Net Assets	Income From Investments	Approx. Rate of Return %	Number of Teachers Contributing	CONTRIBUTION	
	Thousands \$	Thousands \$			Teachers Thousands \$	Province of Manitoba Thousands \$
1925 to 1948 .	1,866,	628,	4.00		1,761,	248,
1949	2,143,	66,	3.25	3,620	229,	49,
1950	2,477,	84,	3.25	3,650	292,	55,
1951	2,827,	86,	3.25	3,750	325,	58,
1952	3,261,	100,	3.25	3,800	362,	88,
1953	3,819,	121,	3.35	4,050	413,	121,
1954	4,461,	145,	3.55	4,200	471,	126,
1955	5,471,	172,	3.55	4,250	813,	137,
1956	6,335,	207,	3.55	4,400	656,	140,
1957	11,719,	283,	3.60	4,900	725,	204,
1958	12,908,	402,	3.75	5,200	875,	411,
1959	14,469,	571,	4.00	5,950	1,080,	417,
1960	16,437,	649,	4.25	7,000	1,313,	474,
1961	18,688,	757,	4.45	7,300	1,545,	502,
1962	21,043,	875,	4.65	7,300	1,606,	519,
1963	23,225,	1,030,	4.70	7,750	1,717,	529,
1964	25,316,	1,144,	4.85	8,700	2,247,	256,
1965	28,084,	1,281,	5.00	9,000	3,137,	201,
1966	30,387,	1,427,	5.00	9,400	2,962,	538,
1967	33,746,	1,574,	5.15	9,750	2,972,	1,017,
1968	36,839,	1,735,	5.35	10,650	3,655,	1,227,
1969	40,627,	2,008,	5.50	11,150	4,332,	1,394,
1970	44,828,	2,320,	5.60	11,650	4,710,	1,578,
6 mos. ended 31 Dec. 1970 .	46,311,	1,369,	6.00	11,750	1,806,	1,280,
year ended 31st Dec.						
1971	52,119,	3,125,	6.19	12,100	5,620,	3,123,
1972	60,249,	3,977,	6.40	12,000	6,281,	3,841,
1973	68,188,	3,996,	6.53	12,200	6,982,	6,100,
1974	77,256,	3,078,	4.43	12,300	7,862,	8,755,
1975	89,277,	7,008,	8.94	12,400	9,316,	7,538,
1976	101,988,	8,090,	8.91	12,500	10,656,	8,519,
1977	117,140,	9,260,	8.91	12,600	12,348,	9,322,
1978	137,127,	12,007,	9.91	12,716	14,538,	9,985,
1979	159,066,	14,917,	10.60	12,533	16,292,	10,859,
1980	184,458,	17,181,	10.53	12,471	18,065,	11,848,
1981	222,755,	22,877,	14.02	12,805	25,985,	12,617,
1982	272,360,	27,966,	11.96	12,907	26,293,	13,912,

School Districts	Admin. Expenses	Refunds	Pensions			
	Thousands \$	Thousands \$	Cost	Being paid at end of period	Added during period	Deleted during period
			Thousands \$			
—	33,	279,	464,	109	192	83
48,	9,	45,	60,	134	34	9
54,	8,	73,	71,	150	30	14
57,	8,	87,	81,	160	25	15
87,	11,	105,	88,	178	28	10
118,	10,	108,	98,	194	28	12
123,	11,	107,	106,	205	28	17
133,	13,	121,	110,	211	21	15
136,	12,	141,	121,	230	33	14
200,	18,	170,	232,	557	351	24
378,	19,	200,	594,	602	65	20
407,	20,	227,	668,	626	62	38
442,	29,	199,	682,	648	45	23
459,	26,	270,	716,	675	61	34
475,	28,	316,	776,	725	73	23
500,	36,	461,	1,097,	781	74	18
527,	44,	531,	1,509,	895	148	34
539,	40,	610,	1,750,	960	101	36
287,	39,	803,	2,072,	1,032	102	30
11,	44,	859,	2,251,	1,084	88	36
20,	57,	904,	2,594,	1,155	120	49
12,	56,	990,	2,906,	1,253	138	40
13,	64,	1,116,	3,261,	1,357	143	39
5,	31,	649,	2,310,	1,458	124	23
16,	90,	1,048,	4,955,	1,606	195	47
10,	114,	1,244,	5,670,	1,737	182	51
9,	123,	1,186,	7,076,	1,980	293	50
8,	136,	1,449,	8,957,	2,176	244	48
6,	168,	1,385,	10,661,	2,289	171	58
5,	215,	1,471,	12,388,	2,416	175	48
5,	290,	1,449,	14,018,	2,524	161	53
11,	261,	1,499,	15,489,	2,649	187	62
4,	292,	1,817,	17,212,	2,789	196	56
5,	358,	2,174,	19,050,	2,935	218	72
—	404,	2,191,	20,867,	3,007	143	71
—	493,	2,210,	23,054,	3,117	194	84



MANITOBA
Province of Manitoba
Provincial Auditor

THE TEACHERS' RETIREMENT ALLOWANCES FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 and 2, of The Teachers' Retirement Allowances Fund for the fiscal year ended December 31, 1982. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1982 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied, except for the fixed income measurement policy as explained in note 1 Bi, and after giving retroactive effect to the change in the real estate investment income measurement policy as explained in note 1 Biii to the financial statements, on a basis consistent with that of the preceding year.

A handwritten signature in dark ink, appearing to read "W. K. Ziprick", is positioned above the printed name of the Provincial Auditor.

W. K. Ziprick, C.A.,
Provincial Auditor.

April 29, 1983,
Winnipeg, Manitoba.

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Balance Sheet
as at December 31, 1982
(with 1981 figures for comparison)

ASSETS

	<u>1982</u>	<u>1981</u>
Investments, Schedule 1	\$264,917,163	\$222,547,959
Unamortized net adjustment to book value of securities sold before maturity	183,374	226,833
Accrued interest on investments	4,099,256	3,355,013
Investment income receivable	356,412	257,012
Balance of teacher and school division contributions owing by school divisions	2,217,549	2,398,129
Cash on hand and in bank	832,994	1,500,119
	<u>\$272,606,748</u>	<u>\$230,285,065</u>

LIABILITIES

Cheques issued and outstanding	\$ 246,911	\$ 312,465
Balance of Province of Manitoba Account .	(34,084)	31,635
Benefit Reserves, Exhibit B:		
Reserves for teachers' share of benefits:		
Basic	250,907,449	212,437,015
Pension indexing adjustments	20,414,385	16,611,545
Reserves for employers' share of benefits:		
Manitoba Teachers' Society	757,471	629,535
Manitoba Association of School Trustees	59,220	46,378
	272,138,525	229,724,473
Reserve for Fund's share of employees' pension benefits (Note 1E)	255,396	216,492
	<u>\$272,606,748</u>	<u>\$230,285,065</u>

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Statement of Changes in Benefit Reserves
for the year ended December 31, 1982
(with 1981 figures for comparison)

	Reserve Teachers' Share
	Basic
Additions:	
Contributions:	
Teachers.....	\$ 22,337,805
Province of Manitoba:	
Share of benefits charged	12,156,965
Re: Actuarial liability created by	
1970 and 1973 amendments	1,613,300
Prior rural service of certain retired Winnipeg teachers .	141,810
Manitoba Teachers' Society	—
Manitoba Association of School Trustees	—
Others—Transfers under reciprocal agreements	616,180
Total contributions	36,866,060
Investment Income, Schedule 2 (Note 1)	25,684,121
Total additions	62,550,181
Deductions:	
Pensions paid	20,683,559
Contributions refunded	2,210,054
Transfers under reciprocal agreements	693,326
Administrative expenses	492,808
Transfer to reserve for Fund's share of employees' pension	
benefits to cover past service liability	—
Total deductions	24,079,747
Net increase for year	38,470,434
Balance at beginning of year	212,437,015
Balance at end of year, Exhibit A	<u>\$250,907,449</u>

Exhibit B

or of Benefits	1982			1981
	Reserve for Employers' Share of Benefits			
	Manitoba Teachers' Society	Manitoba Association of School Trustees	Total	Total
Pension Indexing Adjustments				
\$ 3,955,661	\$ —	\$ —	\$ 26,293,466	\$ 25,985,486
—	—	—	12,156,965	10,855,547
—	—	—	1,613,300	1,613,300
—	—	—	141,810	143,735
—	69,960	—	69,960	61,036
—	—	6,564	6,564	5,289
—	—	—	616,180	449,596
3,955,661	69,960	6,564	40,898,245	39,113,989
2,196,948	78,171	6,278	27,965,518	26,700,272
6,152,609	148,131	12,842	68,863,763	65,814,261
2,349,769	20,195	—	23,053,523	20,867,168
—	—	—	2,210,054	2,191,325
—	—	—	693,326	316,266
—	—	—	492,808	383,851
—	—	—	—	186,400
2,349,769	20,195	—	26,449,711	23,945,010
3,802,840	127,936	12,842	42,414,052	41,869,251
16,611,545	629,535	46,378	229,724,473	187,855,222
<u>\$20,414,385</u>	<u>\$757,471</u>	<u>\$59,220</u>	<u>\$272,138,525</u>	<u>\$229,724,473</u>

THE TEACHERS' RETIREMENT ALLOWANCES FUND**Summary of Investments
as at December 31, 1982**

	<u>Par Value</u>	<u>Book Value</u>
Fixed income investments:		
Bonds and debentures issued by, or guaranteed by, the following:		
Canada	\$ 15,424,000	\$ 15,137,404
Province of Alberta	165,000	164,581
Province of British Columbia	371,000	368,308
Province of Manitoba	25,888,000	25,857,737
Province of New Brunswick	965,000	960,627
Province of Newfoundland	1,150,000	1,142,960
Province of Nova Scotia	385,000	382,635
Province of Ontario	1,625,000	1,619,640
Province of Prince Edward Island	790,000	781,485
Province of Quebec	1,235,000	1,229,411
Province of Saskatchewan	350,000	347,935
Hospital districts	4,654,000	4,615,924
Municipal corporations	10,561,746	10,508,043
School districts and divisions	306,000	303,756
Corporations	39,714,294	38,221,121
	<u>\$103,584,040</u>	<u>\$101,641,567</u>
Mortgages:		
Insured:		
National Housing Act (Canada)	54,484,009	53,585,502
Other	12,137,763	11,905,442
Uninsured	12,324,333	12,277,782
	<u>\$ 78,946,105</u>	
Short Term Notes	<u>\$ 36,100,000</u>	36,100,000
Units of Fixed Income Fund		<u>2,000,000</u>
Total fixed income investments at amortized cost		217,510,293
Less: Provision for losses		<u>268,810</u>
Equity investments:		
Mortgage investment corporation shares		2,099,496
Canadian Commerce Bank shares		4,280,000
Direct natural resources, shares		800,100
Venture Capital, limited partnership ..		<u>400,000</u>
Total equity investments, at cost ..		<u>7,579,596</u>
Real estate equity investments:		
Common shares		22,900,723
Participating bonds		22,646,685
Qualifying shares		<u>13,676</u>

Schedule 1, continued**Summary of Investments
as at December 31, 1982**

Total real estate equity investments, at appraised values.....	45,561,084
Less: Provision for decline in appraised values.....	<u>5,465,000</u>
Net real estate equity investments .	<u>40,096,084</u>
Total investments, Exhibit A	<u><u>\$264,917,163</u></u>

Schedule 2**THE TEACHERS' RETIREMENT ALLOWANCES FUND****Summary of Investment Income
for the year ended December 31, 1982
(with 1981 figures for comparison)**

	<u>1982</u>	<u>1981</u>
Fixed income investments:		
Interest	\$24,509,130	\$19,917,216
Amortization of discounts and premiums.....	<u>246,424</u>	<u>19,692</u>
	24,755,554	19,936,908
Less: Provision for capital losses on fixed income investments.....	<u>413,310</u>	<u>—</u>
	<u>24,342,244</u>	<u>19,936,908</u>
Equity investments:		
Dividends	<u>236,976</u>	<u>119,886</u>
Real estate equity investments:		
Interest and dividends	3,150,621	2,560,291
Adjustments due to change in book value of investments	261,656	259,691
One-half of increase in appraised value.....	<u>—</u>	<u>3,844,000</u>
	<u>3,412,277</u>	<u>6,663,982</u>
Total investment income	27,991,497	26,720,776
Less: Allocated to Reserve for Fund's share of employees' pension benefits.....	<u>25,979</u>	<u>20,504</u>
Net investment income, Exhibit B	<u><u>\$27,965,518</u></u>	<u><u>\$26,700,272</u></u>

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Notes to the Financial Statements **for the year ended December 31, 1982**

1. Significant Accounting Policies:

The significant accounting policies are summarized below:

A) The Fund follows the accrual basis of accounting in all cases where the amount of the accrual is material, specifically teacher contributions and fixed investment income.

B) The investment income measurement policies consist of:

i) Fixed income investments:

Income on fixed income investments includes the net effect of amortization of discounts and premiums on securities held as well as amortization of book losses on bonds sold before maturity in order to acquire other securities for an increase in net yield.

Commencing in 1982, one quarter of 1% of the weighted average monthly book value during the year of fixed income investments, excluding short-term notes, is allocated to a provision for capital losses and any actual losses realized are charged against the provision. The effect of this change in policy is a reduction in reported investment income for 1982 of \$413,310.

ii) Equity investments:

Each year the recorded value of equity investments, where a quoted market value is available, is adjusted to reflect the change in their market value. One-half of any unrealized appreciation is taken into income in the year and the balance is credited to the provision for market declines. In any year that the market value decreases, the whole of the decrease is charged to the provision. When an investment is sold the balance in the provision pertaining to the investment sold is transferred to income. At the end of 1982, no quoted market values were available in respect of equity investments held.

iii) Real estate equity investments:

The same income measurement policy that applies to the Fund's other equity investments has been adopted for real estate equity investments retroactive to the beginning of 1981. The Board has recognized appraised values of the underlying properties on real estate investments for purposes of this policy. Appraisals are done by management and test verified by independent appraisers at September 30 in each year. The Fund's share of the appraisal surplus on that date is reflected in the accounts. Transactions recorded as a result of this policy were as follows:

		Added to	
	Appraisal Surplus	Investment Income	Provision for Market Declines
As at December 31, 1980	\$ 6,749,000	\$3,374,000	\$ 3,375,000
Year ended			
December 31, 1981	7,688,000	3,844,000	3,844,000
Year ended			
December 31, 1982	<u>(1,754,000)</u>	—	<u>(1,754,000)</u>
Balances,			
December 31, 1982	12,683,000		<u>\$ 5,465,000</u>
Real estate investments, cost	<u>32,878,084</u>		
Real estate investments, appraised value	<u>\$45,561,084</u>		

C) Pension Indexing Adjustment Reserve:

An allocation of teachers' contributions is made in accordance with the Act to the reserve. Interest is allocated to the reserve on the basis of the average rate earned by the Fund on total new fixed income investments made since establishment of the reserve.

Cost of living pension adjustment payments are calculated effective July 1 in each year and are based on the lesser of the increase in the Canadian Consumer Price Index for the preceding calendar year, or the amount, determined by an actuarial review, that could be paid without resulting in an unfunded liability in the reserve.

- D) The financial statements do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, an actuarial valuation and report is required every 3 years. In his most recent actuarial report on The Teachers' Retirement Allowances Fund as at January 1st, 1981, the Actuary stated that the financial position of the Fund had improved during the period covered by his review. As a result of the limited utilization of the Province of Manitoba rate guarantee the Fund was in a sound financial position as of the valuation date.

E) Reserve for Fund's share of employees' pension benefits:

The Fund is liable for payment of one-half of the pension paid to its retired employees. Based on an actuarial report as at December 31, 1980, a portion of the Fund was allocated to provide for the Fund's accrued actuarial liability in this regard. The report provided a method of allocating further funds to the Reserve each year to recognize the annual increases in this liability. Transactions affecting the Reserve in 1982 and 1981 were as follows:

	<u>1982</u>	<u>1981</u>
Balance, beginning of year	\$216,492	\$186,400
Interest, allocated from investment income	25,979	20,504
Required employer contribution charged to Administrative expenses	<u>15,388</u>	<u>11,859</u>
	257,859	218,763
Less: Fund's share of pension payments	<u>2,463</u>	<u>2,271</u>
Balance, end of year	<u><u>\$255,396</u></u>	<u><u>\$216,492</u></u>

2. Guarantee by the Province:

Under the Act, the Province of Manitoba guarantees that a certain rate of return which varies based on actuarial assumptions, will be earned on the assets of the Fund. Any deficiency in annual earnings is made up by the Province; however, no payments have been required since 1975.

3. Comparative Figures:

Certain of the 1981 figures have been restated to conform to the 1982 financial statement presentation.



MANIT^{BA}

**TEACHERS'
RETIREMENT
ALLOWANCES
FUND**



**PENSION PLAN
INFORMATION BOOKLET**

JULY 1983

FOREWORD

This booklet has been produced so that teachers may refer to it for general information about their pension plan. As it is intended to provide general information concerning the main provisions of the "Teachers' Pensions Act" it should not be considered an exhaustive analysis. If you require more detailed information, you should direct your enquiries to the Board's general office.

In order that we may more rapidly answer your enquiries, we suggest that, when enquiring, you state the subject you wish to discuss so that we may refer you to the appropriate staff member. It will also expedite matters if you advise us of your social insurance number.

Members of the Plan may also visit the office at any time during business hours to examine The Teachers' Pension Act and amendments thereto, the annual information return to The Pension Commission, the most recent actuarial valuation report, and the latest audited financial statements. Also, members or their duly authorized agent may visit the Pension Commission concerning the Teachers' Retirement Allowances Fund.

Sections 25(4), 25(5), 25(6) and Regulations 21 and 22(1) of the Pensions Benefits Act apply to all pension plans in this province and provide as follows:

Circular following amendment of plan.

5(4) Within 6 months after a pension plan is amended, the employer shall provide the explanation and information referred to in subsection (1) respecting the pension plan as amended to each member affected by the amendment and to each eligible employee.

Information to employee terminating employment, etc.

5(5) Every employer shall provide an employee who, upon termination of employment or termination of membership in pension plan, becomes entitled to an immediate or deferred pension benefit with a written statement showing the benefits to which he is entitled or to which he may become entitled.

Statistical information

5(6) Within 9 months after the end of each fiscal year every employer shall provide to each employee who is eligible or required to become a member of a registered pension plan such statistical and financial information about the plan as is prescribed by the regulations.

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Inspection of plan by members.

26 A member of a registered pension plan or his agent authorized in writing may inspect and make extracts from the pension plan or any documents related thereto in accordance with the regulations.

Regulation 21

For the purposes of subsection 25(6) of the Act, the following statistical and financial information shall be provided annually to each employee who is a member of the plan or eligible to become a member of the plan.

- (a) for all plans:
 - (i) the total contributions made into the plan by the members during the fiscal year;
 - (ii) the net total contributions made into the plan by the employer during the fiscal year; and
- (b) for all plans where the instrument of underwriting is a segregated fund contract with an insurance company, a pension trust fund with a corporate trustee or a pension trust fund with individual trustees, a financial statement will indicate
 - (i) the balance in the fund at the previous fiscal year end,
 - (ii) the income of the fund during the fiscal year showing separately the total contributions made into the plan by the members and the total net contributions made by the employer during the fiscal year,
 - (iii) the expenditures from the fund during the fiscal year and showing separately, pension payments, cash withdrawals on death or termination of employment and administration costs, and
 - (iv) the balance in the fund at the fiscal year end.

Regulation 22(1)

For the purposes of section 26 of the Act, the following documents shall be available at the offices of the commission at any time during business hours or from the administrator of the pension plan:

- (a) all provisions of the pension plan;
- (b) all amendments to the plan;
- (c) the annual information return;
- (d) an abstract of the latest actuarial valuation showing at least the following information:
 - (i) the official name of the plan,
 - (ii) employer and employee contributions required for future service,

- (iii) the balance of all actuarial deficiencies or liabilities, the annual special contributions required to liquidate such unfunded liabilities, and the amortization periods, and
- (iv) the surplus, if any; and
- (e) the latest financial statements in the case of uninsured plans.

The Teachers' Retirement Allowances Fund Board

Room 115 - 1200 Portage Avenue

Winnipeg, Manitoba

R3G 0T5

Phone (204) 944-6199

1-800-262-8848 Extension 944-6047/944-6199

(Department of Education Toll Free Number)

1

BRIEF HISTORY OF THE FUND

The original Teachers' Pensions Act was passed at the 1925 session of the Legislature. All public school teachers in the province, excluding those teaching in the Winnipeg School District, had the option of participating in the plan. Benefits were calculated on a final earnings formula; however, the amount paid was only a proportion of the formula to keep benefits in line with the fund's resources. There was no fixed employer contribution. In 1930, participation was made compulsory. Over the years the plan has been subject to many revisions in order to meet the changing needs of retiring teachers. In 1957, agreement was reached whereby the Winnipeg Teachers' Retirement Plan and the Teachers' Retirement Allowances Fund became a single plan.

In 1963, changes led to the structuring of the plan as it now exists. Benefits are determined on a final earnings formula. Fully vested pensions are available to teachers with 10 or more years of service. This same service requirement qualifies a teacher for retirement as early as age 55. Pensions have been adjusted to compensate for increases in the cost of living between retirement and December, 1975. Since 1976, cost of living increases have been and will continue to be funded by a separate account to which a portion of each teacher's current contributions is being allocated. There is also provision for transfers of pension credits with other public pension authorities in Canada. In July, 1981, the Act was amended to allow teachers to make a special payment to convert their pre-July, 1980 service to a 5 year average in the eventual calculation of their pension.

The present Board is comprised of seven members appointed by the Lieutenant-Governor in Council. Two members are appointed to represent the interests of the general public, two members are chosen from members of the Association of School Trustees and three members are teachers appointed to represent your interests.

2 MEMBERSHIP

2.1 COMPULSORY

All Manitoba public school teachers employed under written contract as prescribed in the Public Schools Act (including principals, supervisors, and superintendents) are automatically members and must contribute to the Teachers' Retirement Allowances Fund.

2.2 OPTIONAL

Persons who are qualified as teachers and generally are employed by:

- (a) The Faculty of Education in a Manitoba university
- (b) The Manitoba Teachers' Society or The Manitoba Association of School Trustees
- (c) The Manitoba Civil Service in an education related position
- (d) School Divisions as substitute teachers
- (e) Others, while in a foreign country under a Government of Canada program of educational assistance.

3 CONTRIBUTIONS

3.1 TEACHERS' REGULAR CONTRIBUTIONS

As a result of the co-ordination of contributions and benefits under the Teachers' Pensions Act with those of the Canada Pension Plan since 1966, most teachers will make combined contributions to both funds over a period of one full year of approximately 7.3% of their annual salary. Contributions to T.R.A.F. will be deducted from gross pay by the Secretary-Treasurer of each school division as follows:

5.7% of YMPE (yearly maximum pensionable earnings established each year under the Canada Pension Plan)
and

7.3% of earnings in excess of the YMPE

For those teachers who do not pay into the Canada Pension Plan deductions of 7.3% of salary are made for the T.R.A.F.

3.2 TEACHERS' VOLUNTARY CONTRIBUTIONS

Provision exists whereby a teacher may make optional voluntary contributions of not more than an additional 9% of annual salary to T.R.A.F. Such contributions accumulate with interest and, in effect, are used to purchase an annuity upon

retirement. Today, private plans through banks, trust companies, credit unions and insurance companies are generally more flexible and may therefore be more advantageous to the teacher. However, if a teacher wishes to make additional contributions to the T.R.A.F., the additional deductions from salary may be arranged by contacting the Division's Secretary-Treasurer.

NOTE:

Subject to limitations under the Income Tax Act as to amount, contributions made to the T.R.A.F. are deductible from income for income tax purposes.

3.3 EMPLOYER CONTRIBUTIONS

Although there is no matching employer contribution made at the time teacher contributions are made, the Manitoba Government pays:

- (a) A share of the cost of all pensions paid each month, determined by a rather complicated formula, which results in a little more than one-half of the cost of current pensions being paid by the province.
- (b) Amounts to provide for the funding of the cost of benefit improvements made in 1970 and 1973 as well as for a guaranteed rate of return on investments 1% greater than the rate of return assumed by the actuary in his most recent valuation of the fund.
- (c) A matching employer share equal to teacher contributions and interest thereon for all transfers out under reciprocal agreements with other pension plans in the Canadian public sector.
- (d) Interest included on refunds paid on death.

3.4 STATEMENT OF CONTRIBUTIONS

A statement of accumulated contributions and years of pensionable service is available on request from the T.R.A.F. office.

3.5 WINNIPEG TEACHERS' ANNUITY CONTRIBUTIONS

Contributions by Winnipeg Division teachers to a Canadian Government annuity are independent from T.R.A.F. You may enquire as to benefits in this regard by contacting:

Canadian Government Annuities Branch
Box 1200
Bathurst, New Brunswick
E2A 4L8

4 PENSIONABLE SERVICE:

- 4.1 Service as a teacher employed by a Manitoba public school division.
- 4.2 Service of former teachers who elected to continue to be members of the plan on becoming employed by the Faculty of Education in a Manitoba University, The Manitoba Teachers' Society, The Manitoba Association of School Trustees, the Manitoba Department of Education, and as teachers in other departments of the Manitoba Government.
- 4.3 Service as a teacher in a foreign country under a Government of Canada program of educational assistance if contributions are made during the period of such assignment.
- 4.4 Service as a substitute teacher if appropriate contributions are made to the fund:
 - (a) Contributions for substitute service in 1977 and thereafter must be made within 90 days after the end of the calendar year in which the service is performed.
 - (b) Contributions for service as a substitute teacher before 1977 may be made upon application; interest is charged for the time between the date the substitute service occurred and the date payment is made.
- 4.5 War service during both World Wars and the Korean War if the required contributions are made. The cost, if any, of purchasing this service varies with each case; therefore the T.R.A.F. office should be contacted by each person affected.
- 4.6 Service for periods during which a teacher is receiving long-term disability benefits under a group insurance plan.

4.7 LEAVES

Persons on leave of absence (including sabbatical, illness without pay, educational) must leave their contributions in the Fund.

No contributions can be made nor pensionable service accumulated for periods while on leave. Such persons remain entitled to all benefits for which they have eligible service and the period of such leave is not considered a break in continuity for determination of their entitlement to a pension benefit.

4.8 TEACHING AFTER AGE 65

In most cases members cease to contribute to the plan at the end of the month in which they attain age 65 because their pensions are payable at that time even if they are still teaching.

However, those teachers who have not accumulated 15 years of service in the last 20 at age 65 contribute to the Fund while they continue to teach until they meet the mentioned service requirement, or until they attain the age of 70. Anyone who commences teaching at an age when qualification for a pension is not possible by age 70 does not participate in the pension plan.

5 REFUNDS

5.1 TO QUALIFY

If you stop teaching in Manitoba and are not eligible for an immediate pension, you may apply for a refund of your pension contributions unless you are on a leave of absence or are resigning to become employed by any of the following:

1. The Government of Manitoba, or any agency thereof,
2. A school division, school district or school area in Manitoba,
3. A university in Manitoba,
4. A municipality in Manitoba,
5. An employer in the private sector designated as a reciprocating Manitoba employer (see section 8.2).

NOTE:

In all cases, contributions are refundable without interest.

5.2 PROCEDURE FOR APPLICATION

In order to receive a refund, you must complete an "Application for Refund" form, available on request from the T.R.A.F. office.

5.3 PAYMENT

1. All refunds applied for by the end of August, for teachers who resign at the end of June in that year, are paid on the last day of September.
2. All other refunds will be paid as quickly as the application can be processed (approximately 6 weeks).

5.4 INCOME TAX WITHHELD

The income tax authorities require that income tax be withheld from refunds as follows:

1. Residents —
 - (a) 10% from refunds under \$5,000.00
 - (b) 20% from refunds of \$5,000.00 to \$15,000.00
 - (c) 30% from refunds over \$15,000.00

2. **Non-Residents** — The total of any refund paid to a non-resident of Canada is subject to a non-resident tax deduction of between 15% and 25%, depending on the country of residence.

An income tax T4A slip is issued with each refund indicating the gross payment and the income tax withheld. The amount of the refund must be included as income on your income tax return for the year in which the refund is paid, and the income tax that is withheld is to be applied as a credit against your tax liability for that year.

5.5 TRANSFERS TO A REGISTERED RETIREMENT SAVINGS PLAN

In the case where you are transferring your contributions to a registered retirement savings plan or another registered pension fund, no income tax will be deducted if you supply, along with your refund application, written proof that the fund is in fact registered. The receiving fund or plan will provide you with the forms for this purpose.

5.6 INSTALMENT PAYMENTS

You may request your refund in instalments providing you submit a schedule of instalments and providing your schedule meets the following requirements:

- (a) annual instalments of not less than \$100.00,
- (b) settlement in full within 48 months of the first instalment.

5.7 DEFERMENT TO SUBSEQUENT TAXATION YEAR

You may request that your refund be deferred to a subsequent taxation year providing you so indicate when you submit your "Application for Refund".

5.8 LOCKING IN OF PENSION CONTRIBUTIONS

Under most circumstances a teacher who ceases teaching after the age of 45 and who has a total of 10 or more years of pensionable service will not be entitled to a refund of contributions made for service after 1st July, 1976, but will receive a pension as early as age 55 for that service which is "locked in".

6 DEATH IN SERVICE

If a teacher dies while in service, the estate would be entitled to a refund of the teacher's contributions plus interest compounded annually at a rate of interest equal to the rate of return earned each year by the fund on its investments.

NOTE:

Dependant survivors of a small group of plan members

- a) who prior to 1st July, 1980, had terminated their contracts and had fully vested pension rights provided they do not again become teachers, or
- b) who are former teachers contributing to the fund who on 1st July, 1980 were employed by the Province of Manitoba or a university in Manitoba providing they remain so employed and have at least 10 years of pensionable service, may be entitled to survivor pensions of 60% of the accrued value of the pension earned by the deceased at the date of death.

7 REINSTATEMENT OF PRIOR REFUNDED SERVICE

Upon returning to teach, a teacher may elect to reinstate a prior refund. The cost of reinstatement in most cases is based on the amount originally refunded plus interest compounded annually for the length of time the monies were out of the fund, plus a further amount, if necessary, to fund any actuarial deficiency created as a result of the teacher's election.

Two basic criteria in determining the cost are the age and the salary rate of the teacher at the date an election to reinstate is made.

Delays in taking the necessary steps to become reinstated will increase the cost.

In order to count refunded service as pensionable, reinstatement must be attended to in full. As the cost can become quite material the Board will agree to allow extended terms for the repayment. Blanket approval has been granted for instalment payments requested in writing which meet the following guidelines:

1. annual instalments due each December of at least 4% of gross earnings at the time the payment is made,
2. final payment settling the full balance within 4 years from the date the initial payment is made.

Each teacher wishing to know the cost of reinstating past refunded service must complete and return the related forms. All teachers with past refunded service are encouraged to consider this matter and should contact the T.R.A.F. office for further information in this regard.

8 **RECIPROCAL AGREEMENTS**

8.1 **FEDERAL GOVERNMENT AND OTHER "PUBLIC" OUT OF PROVINCE PENSION PLANS**

If you cease to contribute to this fund and become employed in the public sector (including teaching) elsewhere in Canada, you may be entitled to leave your contributions in this Fund and qualify under a reciprocal agreement to have your Manitoba service count to some degree for eventual pension purposes with your new employer. Generally speaking, the T.R.A.F. Board may enter into an agreement with any Canadian public pension plan that is prepared to reciprocate. Agreements presently exist with the Federal Government and all provincial teacher plans. Time limits exist in some instances; therefore to ensure your eligibility to participate you should contact the T.R.A.F. office soon after such a move. If you are presently teaching in Manitoba and have earlier out-of-province service in the public sector, you should check with the T.R.A.F. office as some benefit may be available under a reciprocal agreement.

8.2 **RECIPROCATING MANITOBA EMPLOYERS**

If you cease employment as a teacher to become employed by any of the following:

1. The Government of Manitoba or any agency thereof,
2. a university in Manitoba,
3. a municipality in Manitoba,
4. other employers in Manitoba designated as reciprocating by the Lieutenant Governor in Council,

your contributions must remain locked in the fund. At retirement, providing you qualify for a pension from your new employer, you will receive a pension from the T.R.A.F. based on your service rendered as a contributor to this plan but using your final earnings of combined employment for determining the average salary on which the pension calculation will be made.

9 RETIREMENT

9.1 DEFINITION

Retirement means receipt of a pension and normally occurs when a teacher qualifies as outlined in the following sections.

9.2 SERVICE REQUIREMENT

- (a) The total service required to qualify for all types of pension benefits is now 10 years, either 5 of which must be consecutive or 10 of which must be in the 15 year period immediately prior to the date of last teaching (on or after June 30, 1970).
- (b) A short service pension may be paid at age 65 to a teacher who retires and has at least 5 years of consecutive service but less than 10 years in total. The pension is reduced by 10% for each year that the total service is less than 10.

NOTE:

Those teachers continuing to teach after age 65 who do not have at least 15 years of service in the last 20 cannot receive a pension until they acquire this service or until they retire from teaching whichever is earlier.

9.3 TEACHING AFTER RETIREMENT

Even if a retired teacher is re-employed as a Manitoba teacher the pension will continue to be paid. Such a teacher neither contributes to the pension plan nor receives any pension benefits in respect of the service rendered after retirement.

9.4 DEFERRING RETIREMENT

If a teacher does not wish to receive the pension while continuing to teach beyond age 65, receipt of the pension may be deferred until actual retirement and the pension will be actuarially increased for the value of the deferred payments. In any case, pension payments must begin once a teacher becomes 70 years of age.

10 ANNUITIES

Provision now exists in the Teachers' Pensions Act to allow for the payment of annuities to teachers who do not meet the qualification requirements to be entitled to a pension. Providing contributions are left in the fund, such a teacher would be entitled to an annuity payable on application anytime after

age 55. The annuity would be based on that teacher's contributions plus accumulated interest. The rate of interest credited for this purpose would be based on the average rate of return each year earned by the fund during the period of time the contributions remained to the teacher's credit.

11 TYPES OF PENSIONS

11.1 NORMAL PENSIONS

A teacher who meets the service requirements as set out in Section 9.2 is entitled to a pension at age 65.

11.2 EARLY RETIREMENT PENSIONS

A teacher who meets the service requirements set out in Section 9.2(a) may:

- (a) On retirement anytime after age 60, apply for and receive a pension that is calculated in the same manner as a pension on retirement at age 65.
- (b) On retirement between the ages of 55 and 60, apply for and receive a pension calculated in normal fashion, but reduced by .125% for each month that the person's age is less than 60 years.

11.3 DEFERRED PENSIONS

- (a) Regular — a person who, after 30th June, 1970, ceases employment as a teacher at any age with service at least equal to the requirements of Section 9.2(a) and does not withdraw any contributions from the fund is entitled to a regular pension payable at or after age 60 unreduced for age, or payable as early as age 55, reduced by .125% for each month that retirement occurs before age 60.
- (b) Short Service — A person who, after 30th June, 1970, ceases employment as a teacher at any age with service equal to the requirement of Section 9.2(b) and does not withdraw any contributions from the fund, is entitled to a pension payable at age 65 reduced from the amount calculated under the normal formula by 10% for each year that total service is less than 10 years.

Deferred pensions are calculated on the basis of service and salaries at the time of last teaching, but are adjusted to compensate for increases in the Consumer Price Index to the same extent that pensions being paid are adjusted (see Sec. 14).

NOTE:

Certain plan members without access to group life insurance or long term disability benefits for teachers may in special cases be entitled to a disability pension or survivor benefits from the plan.

12 PENSION CALCULATION

12.1 FORMULA

The lesser of:

- (a) Years of service prior to 30th June, 1980 x 2% x highest average salary during 7 of the final 12 years of service plus years of service after 1st July, 1980 x 2% x highest average salary during 5 of the final 12 years of service

less

Years of service from 1st January, 1966 to 30th June, 1980 x .6% x average annual salary up to the maximum pensionable earnings under the Canada Pension Plan (see note) in the same 7 year period plus years of service after 1st July, 1980 x .6% x average annual salary up to the maximum pensionable earnings under the Canada Pension Plan in the same 5 year period.

or

- (b) 70% of the weighted average annual salary of the teacher in the 5 year and 7 year periods used above.

NOTE:

The yearly maximum pensionable earnings under the Canada Pension Plan in recent years were as follows:

1977	\$ 9,300.	1981	\$14,700.
1978	10,400.	1982	16,500.
1979	11,700.	1983	18,500.
1980	13,100.		

This benefit formula reduction is an offset to the reduced rate of contributions applicable to earnings subject to the Canada Pension Plan deductions. At age 65, a pension is payable under the Canada Pension Plan.

12.2 CONVERSION OF PRE-JULY, 1980 SERVICE TO A 5 YEAR AVERAGE IN CALCULATION OF PENSION

There is provision in the Teachers' Pensions Act for a teacher to make a special payment to convert pre-July 1980 service to a 5 year average in the eventual calculation of the pension. If

such a payment is made the pension formula referred to in Section 12.1 would change to the following formula:

The lesser of:

- (a) Total years of service x 2% x highest average salary during 5 of the final 12 years of service

less

Years of service from 1st January, 1966 to retirement x .6% x average annual salary up to the maximum pensionable earnings under the Canada Pension Plan in the same 5 year period.

or

- (b) 70% of the average annual salary of the teacher in the 5 year period used above.

Some points regarding the conversion are as follows:

- (a) The cost to convert is based on an actuarial formula. To obtain a quote of the cost a teacher should complete the proper forms which are available on request from the T.R.A.F. office.
- (b) The election to convert is optional and can be attended to at any time until retirement. The cost in the future will be based on factors applicable at that time.
- (c) Any portion of, or all, pre-July 1980 service can be converted to a 5 year average.
- (d) payments to convert to a 5 year average are deductible from income for income tax purposes, to a limit of \$3,500.00 per taxation year. Any unclaimed balance can be carried forward into a subsequent tax year(s).

12.3 EFFECT OF CONTRIBUTIONS TO A GOVERNMENT ANNUITY

For those teachers who taught in the Winnipeg School Division prior to 1963 and whose contributions were made to a Canadian Government Annuity rather than to The Teachers' Retirement Allowances Fund, a reduction in the pension calculated as above is made equal to the annuity value of the contribution deficiency in the T.R.A.F. The Canadian Government Annuity that such a teacher receives acts as an offset to the amount of the reduction in the T.R.A.F. pension.

12.4 EFFECT OF VOLUNTARY CONTRIBUTIONS

Voluntary contributions accumulate with interest over the period of time they remain in the Fund. At retirement, the accumulated amount is returned to the contributor in the form of a supplementary lifetime annuity which is added to the basic pension.

12.5 PENSION OPTIONS

Various pension options are available to retiring teachers. Pension options are selected at the time a teacher applies for the pension and remain in force for the period the pension is in pay. A summary of the various options is as follows:

Plan A

Retirement income which stops at my death except that, if at my death I have received in retirement income less than my contributions plus interest thereon, the difference will be paid in a lump sum to my Estate.

Plan B

A reduced retirement income for life which, if I should die within 10 years of my retirement, will be paid to my beneficiary or estate for the balance of the 10 years.

Plan C

A reduced retirement income for life with the same amount payable to my beneficiary for life.

Plan D

A reduced retirement income payable until either my death or my beneficiary's death with two-thirds payable to the survivor for life.

Plan E

A reduced retirement income payable until either my death or my beneficiary's death with one-half payable to the survivor for life.

Plan F

A reduced retirement income payable until my death with one-half payable to my beneficiary for life after my death.

Plan G

A reduced retirement income which is more suitable to my circumstances than any of those described above, subject to approval of the Board.

The following tables outline the effect of selecting various options on a basic pension of \$1,000.00 per month.

Table 1

Male pensioner - Female beneficiary — both age 65.

Plan	<i>Pension Amount On Retirement</i>	<i>Continuing pension after 1st death to Pensioner</i>	<i>Beneficiary</i>
A	\$1,000.	\$1,000.	nil
B	935.	935.	\$935.*
C	825.	825.	825.
D	903.	602.	602.
E	948.	474.	474.
F	904.	904.	452.

*for balance of 10 year guaranteed period only.

Table II

Female pensioner - male beneficiary — both age 65.

Plan	<i>Pension Amount On Retirement</i>	<i>Continuing pension after 1st death to Pensioner</i>	<i>Beneficiary</i>
A	\$1,000.	\$1,000.	nil
B	969.	969.	\$969.*
C	915.	915.	915.
D	1,002.	668.	668.
E	1,052.	526.	526.
F	956.	956.	478.

*for balance of 10 year guaranteed period only.

13 CANADA PENSION PLAN — OLD AGE SECURITY PENSION

13.1 GENERAL

In addition to the T.R.A.F. pension, all retired teachers over 65 years of age are entitled to their Old Age Security pension (July, 1983 rate \$256.67 per month). Those teachers who have contributed to the Canada Pension Plan are also eligible for benefits under that plan. The 1983 level of benefit from the Canada Pension Plan for teachers who have contributed the maximum rate to the plan since its inception and who retire in 1983 at 65 years of age is \$345.14 per month.

To ensure that you will not forego any payments, you should make application for your Canada Pension Plan pension and your Old Age Security pension several months before your 65th birthday. A benefit is also available from the Unemployment Insurance Commission if retirement is at age 65.

It should be noted that the Canada Pension Plan determines its benefit levels on a basis which results in benefits under that plan being less than the maximum if a teacher elects to take an early retirement.

Although the primary benefit from the Canada Pension Plan is a retirement pension payable at age 65 there are provisions in the plan to provide for disability and survivor benefits.

For further information about your Canada Pension Plan pension and your Old Age Security pension, you should contact the appropriate federal government agencies.

13.2 INTEGRATION WITH OLD AGE SECURITY AND/OR CANADA PENSION PLAN IF RETIREMENT IS BEFORE AGE 65.

A teacher who retires early may elect to integrate the eventual Old Age Security pension with the T.R.A.F. pension. Such an election results in a higher initial retirement income which will be reduced at age 65 by the amount of the Old Age Security benefit that was in effect at the time of retirement. A similar arrangement may be made in relation to the Canada Pension Plan. In general, an election to integrate both these future benefits results in a fairly level income from all three sources from retirement for life, rather than a lower income prior to age 65 and a higher income thereafter.

The following table lists the increase to a pension at various ages for each \$100.00 integrated:

Age	Male	Female
55	\$32.94	\$36.48
56	36.53	40.11
57	40.56	44.15
58	45.11	48.66
59	50.25	53.69
60	56.06	59.31
61	62.67	65.62
62	70.20	72.71
63	78.80	80.71
64	88.66	89.75

At age 65 the total integrated pension is reduced by \$100.00 for each \$100.00 integrated at retirement.

14 COST OF LIVING ADJUSTMENTS

The amounts of all pensions were adjusted in 1970 for the full effect of the increase in the Consumer Price Index for Canada from the date of retirement of each teacher through

to December 31, 1969. Similar adjustments were made in July each year until 1976 to offset changes in the Consumer Price Index in the years 1970 to 1975.

Provision was made in 1977 to establish a separate account to fund adjustments to pensions to offset the increase in the cost of living in 1976 and the future. A fixed portion of teacher contributions is allocated to the separate account each year and the related funds are invested along with other monies in the total fund. One-half of the pension adjustments granted are paid from the separate account, the other half being paid by the provincial government. Pension adjustments are calculated on the basis of the full increase in the Consumer Price Index each year; however, if the actuarial cost of paying one-half of the amount so determined is greater than the funds available in the separate account, the adjustment payable in any such year is reduced to the amount the separate account can afford to pay. Retired teachers receive the full amount of the cost of living increase the fund is able to pay while beneficiaries of deceased pensioners receive two-thirds of that amount.

15 PENSION PAYMENTS

- (a) Pension payments are deposited on the last banking day of each month directly to the pensioner's bank account. If such arrangement is not convenient, the pensioner may request his cheque be mailed to his home. The direct deposit system is generally found to be advantageous particularly during periods when the pensioner is away on holidays, or in the event of any disruptions of mail service.
- (b) Income tax is required to be deducted on the basis of the T.R.A.F. pension only; however, deductions can be increased at the request of the pensioner.
- (c) Manitoba Blue Cross premiums may be deducted from pension cheques providing similar deductions were being made by the School Division prior to retirement.
- (d) A T4A slip is mailed to the pensioner's address before 28th February each year for use in completing an income tax return.

16

INFORMATION AND COUNSELLING

16.1 PERSONALIZED BENEFIT STATEMENTS

Systems are now being designed whereby each member of the fund may be provided with a personalized benefit statement outlining personal accrued and projected benefits related to the member's participation in the plan. It is expected that these statements will be available to each member during the latter part of the spring term each year.

16.2 PENSION ESTIMATES

As teachers approach retirement age, in order to better plan retirement it is suggested that they contact the Board office for a current pension estimate and for information as to the course of action which must be taken in order to put the pension in effect.

16.3 INTERVIEWS

Staff members are available to meet individually with each teacher who wishes information and assistance in retirement planning or any other aspects of the plan of personal concern. Appointments for interviews may be made by contacting the general office.

16.4 SEMINARS

Staff members act as resource persons for pre-retirement seminars organized by The Manitoba Teachers' Society held in various locations in the province. Staff members are also available to any group of teachers who wish assistance in conducting general information meetings relating to the pension plan.

16.5 OTHER INFORMATION

Teachers may obtain information concerning other important aspects of the plan such as deferred pensions, reinstatement of prior refunded service, reciprocal transfer agreements and refunds on termination by directing their enquiries to the general office.